

M e m o r a n d u m

To: Panel Members

Date: December 15, 2006

From: Dolores Kendrick, Manager

Analyst: E. Wadzinski

Subject: One-Step Agreement for **REBORNE, INC. <100**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
SET-Workers Earning At Least State Avg Hrly Wage
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Services Distribution
- Repeat Contractor: Yes
- Contractor's Full-Time Employees
 - *Worldwide:* 92
 - *In California:* 92
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$94,424
- Substantial Contribution: \$0
- Total ETP Funding: \$94,424
- Total In-kind Contribution: \$170,000
 - *Trainee Wages Paid During Training:* \$170,000
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles, Orange

INTRODUCTION:

This will be the second project between Reborne, Inc. (Reborne) and the Employment Training Panel (ETP). Reborne consists of a distribution center and two retail stores. Reborne's distribution center markets, sells and distributes electronics and home appliances through e-sales to customers inside and outside California. The distribution center is eligible as a company with out-of-state competition for Panel funding under Title 22, California Code of Regulations, Section 4416(d)(3,4). The two retail stores are eligible under Section 4409, as Special Employment Training (SET) Projects for frontline workers who earn at least the state average hourly wage.

Reborne, Inc. was founded in February 2003 in Buena Park, California. As it is a new company, it had no training program prior to a project funded by ETP two years ago. Under that contract, the company was introduced to and attempted formal training, but was unable to train in all topics. Many of the training titles in the proposed curriculum is similar; however, the focus and content are very different. This project will draw on basic training taught under the first contract to develop more detailed and complex skills. The new training will also include upgraded software training.

Although some of the training topics are the same, the Contractor's representative states that there will be no overlap. Also, Reborne has grown from 60 to 92 employees, and new employees will receive training under the proposed project.

MEETING ETP GOALS AND OBJECTIVES:

Reborne proposes training that will further the following ETP goals and objectives:

- 1) Foster job retention of high-wage, highly-skilled frontline workers.
- 2) Increase the impact of training on California's economy and target available funds for SET projects to support growth industries that do not have out-of-state competition.
- 3) Provide workers with the skills necessary to transition to a high performance workplace.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainee	<u>Menu</u> Business Skills Computer Skills Continuous Improvement Management Skills	23	24-180	0	\$2,728	*\$12.90 – \$31.00
Job Number 2 (SET) Retrainee	<u>Menu</u> Business Skills Computer Skills Continuous Improvement	20	24-120	0	\$1,584	*\$21.50
Wages After 90-Day Retention						
<u>Occupation</u> Customer Service Representative Accounting Personnel Warehouse Worker Purchasing Personnel Systems Engineer Driver Supervisor Manager Sales Associate						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health Benefits of at least \$3.40 per hour in Job 1 may be applied to the base wage to meet the ETP minimum hourly wage of \$12.90 for Los Angeles and Orange Counties. Health Benefits of at least \$2.75 per hour in Job 2 will be applied to the base wage to meet the ETP minimum hourly wage of \$21.50 for a SET trainee statewide.				<u>Turnover Rate</u> 10%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 14%	
<u>Other Employee Benefits:</u> Paid vacation and sick leave, holiday pay, pension, and retirement 401K Plan.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

All participants in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations (CCR), Section 4400(ee).

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

RECOMMENDATION:

Staff recommends that the Panel approve this proposal based on Reborne's stated need to retrain its employees to transition to a high performance workplace, remain competitive, and satisfy demands for quality services in a competitive marketplace.

NARRATIVE:

The company representative states Reborne presently operates as a sales and distribution center for some of the industries major electronics and home appliance manufacturers such as Samsung, Panasonic, Sony, Bose, and General Electric. The company currently is headquartered in Montebello. The company manages and controls all the electronics products and appliances inventory, which are distributed throughout California, Hawaii, Nevada and Washington at each distribution center.

According to company representatives, an estimated 30 percent of annual revenue is threatened by out-of-state competition. In addition, competition is building from companies out-of-state, worldwide, and in California, by companies that offer automated and state-of-the art distribution centers to manage, control, and distribute electronic and home appliance merchandise.

The company currently operates on Storis Software Systems, which was recently purchased and implemented to meet the needs of recent expansion and changing technology. Storis software encompasses a vast array of functions and applications from inventory control and bar-coding to accounting. Previous ETP funded training introduced some of the applications for this software, but more training is needed to educate employees on the more complex functions so Reborne can take advantage of all its features.

The proposed training is designed to increase employee's knowledge in business, continuous improvement, computer, and management skills. All employees will receive training from a menu style curriculum consisting of the following training types:

Business Skills will be provided to customer service representatives, office administrators, accounting staff, purchasing personnel, and sales associates to enhance their knowledge in business performance, project management, written and verbal communication, customer service, and sales techniques. This training will teach trainees how to streamline customer service and marketing planning/research operations. New Business Development and New Product training will be taught to customer service representative and sales staff so they can be

NARRATIVE: (continued)

more knowledgeable and responsive to customers by better understanding new company products. Project Planning and Research skills training will be received by a select group of trainees responsible for developing and implementing action plans. Training will further product knowledge of new and existing products and merchandise and increase workers skills and knowledge in accounting transactions, business planning, report writing, and telephone skills.

Computer Skills training will be delivered to managers, supervisors, accounting, purchasing, warehouse, and sales staff to effectively operate the company's recently upgraded Storis Software. This special proprietary system drives the company's internal data structure, accounting, and further monitors the product tracking/inventorying. Training in new upgrades to Storis Software will allow company employees to provide faster, more reliable data, and information. Website Design training will be delivered to managers, supervisors, and systems engineers where training will consist of learning graphics and animation commonly used for the commercialized Internet. This training will provide design models used in commercial web sites and web pages where web sites are operated utilizing a variety of techniques and software tools. Web Design training will particularly target the troubleshooting of Reborne's existing website to further modify/reframe its site to meet the consumers demand and to compete with Reborne's out-of-state competitors in the e-sales arena.

Continuous Improvement training will be taught to all frontline workers and management staff. This training will provide decision making, leadership, project management, problem solving, teambuilding skills, and process improvement skills that will lead the Company to a high performance workplace. The leadership skills training will teach trainees to analyze the company's performance capability and put in place plans to improve and build upon the company's current capabilities.

Management Skills, in addition to Business Skills, Computer Skills, and Continuous Improvement Skills, will be provided to managers and supervisors. Existing managers and supervisors need to develop new skills and business practices to navigate business through changes and help establish and lead a winning team. Management skills training will include leadership, decision making, coaching procedures, team leadership roles, planning and administration, time management, and management communication skills.

Commitment to Training

ETP funds will be used to supplement, rather than displace the company's own training budget. Reborne representatives report a current budget that covers various seminars and conferences such Consumer Electronics Association (CES) for all occupations except warehouse workers, accounting personnel, drivers, and systems engineer. Managers and Supervisors receive informal training on topics such as Professionalism and Boosting Sales. Also, informal, all-purpose meeting/training sessions covering a wide range of topics is provided for all occupations.

ETP funding will allow more formal, customized training needed by specific occupations and will enable the use of professional trainers who are especially needed in computer skills training. Reborne is committed to investing about \$170,000 after the contract ends.

SUBCONTRACTORS:

Adcon Technical Institute, Inc. dba ATI College, Norwalk, California, will provide administrative services for an amount not to exceed 13 percent of the payment earned.

THIRD PARTY SERVICES:

ATI College, Norwalk, California assisted Reborne, Inc. in developing this proposal for a flat fee in the amount of \$2,000.

ACTIVE PROJECTS:

The following are current project statistics:

ACTIVE PROJECTS						
Agreement Number	Agreement Amount	Term	Planned Number To Be Retained	Number Enrolled	Number Completed Training	Number Retained For 90 Days
ET05-0241	\$150,700	12/31/04-12/30/06	55	82	55	26

The contractor's representative states that Reborne trained 55 trainees with anticipated earnings of an estimated \$110,000 (73%).

REBORNE, INC.

MENU CURRICULUM

JOB 1
24 – 180

JOB 2 (SET TRAINEES)
24 - 120

Trainees will receive any of the following:

BUSINESS SKILLS

- Customer Relations – After-service/Follow-ups
- Customer Service – Handling Difficult Customers
- Marketing Concepts – Expanding Out-of-state Clientele
- Project Planning and Research
- New Business Development
- New Product Knowledge
- Reborne Sales Strategies
- Merchandising and Displays

COMPUTER SKILLS

- Storis Software Training –
Accounting
Warehouse
Tracking
- Website Design
- Storis In Control – Tracking Inventory
- Storis In Touch – Customer Relationship Management
(CRM) Program
- Sales Reports and Forecasting

CONTINUOUS IMPROVEMENT

- Motivation
- Project Development and Management
- Taking on Leadership Roles
- Special Event Planning and Development
- Effective Communications in the Workplace
- Preventing and Resolving Conflicts
- New Product Knowledge

MANAGEMENT SKILLS (only Managers and Supervisors will receive
Management Skills training)

- Leading a Winning Team
- Realizing Action Plans

<p><u>Comment:</u> The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)</p>
